

INVESTMENT FORECAST

Office
Orlando Metro Area

IPA
INSTITUTIONAL
PROPERTY
ADVISORS

2025

Orlando Showcases Relative Stability of Florida Metros; Aging Population Aids Medical Office Demand

Continued commitments from notable firms. Multiple large-scale move-ins are slated for this year across the metro, with Downtown, Lake Mary and University Research Park proving popular with tenants again this year. Included in this pipeline are Travel + Leisure relocating their headquarters to the CBD and AMD's new 10-year lease in University Research Park. Both tenants are leaving other space vacant however. Even so, vacancies across Orange County have held relatively stable after a jump to 13.5 percent in 2021. Since then, the local rate has oscillated by less than 80 basis points in any given year. With 72 percent of the market's stock, the County's performance exhibits an ability to absorb supply injections over 1 million square feet. Outside of the traditional office domain, medical office inventory grew at a faster pace in recent years to keep up with the retiree populace. After increasing 5.9 percent last year, the local 65-plus age cohort will climb another 5 percent this year. Medical office leasing is poised to grow in tandem.

Investor confidence in medical office properties is likely to continue. While overall transaction velocity remained relatively low last year, certain areas of the metro reported an uptick in trades. Sales volume increased in Maitland Center last year, with most trades involving fully leased offices, including some medical space. Additional investor interest may also return to the CBD if capital continues to become less restricted. Sales velocity here is currently improving, but is still lower than the pre-2022 metrics, due in part to high prices and some reluctance to sell from owners of high cash flow assets. Buyers specifically drawn to the medical office sector, seeking to take advantage of a growing population of retirees, will find large inventories of fully leased medical office buildings in Lake County, Kissimmee and Winter Park.

2025 MARKET FORECAST

+0.7%



EMPLOYMENT: Growth will slow this year as the employment base expands by 11,000 jobs. After losses last year, a slight 800 roles will come to the traditionally office-using sector.

650,000
sq. ft.



CONSTRUCTION: Completions will exceed the previous year, but fail to meet the decade average. Led by openings in suburban south Orange County, inventory will expand by 0.8 percent.

+20 bps



VACANCY: A fourth consecutive year of positive absorption will not be enough to offset incoming supply, allowing vacancy to nudge up to 13.6 percent by year-end.

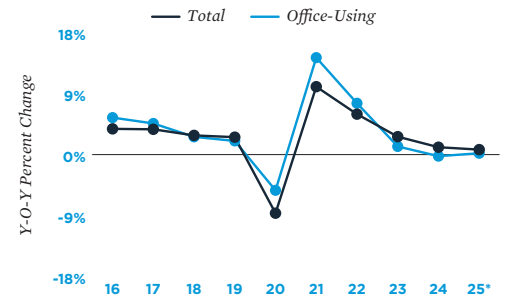
+0.4%



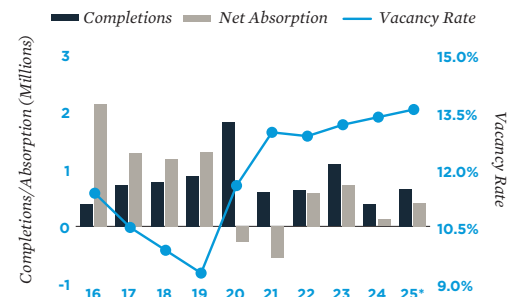
RENT: The average asking rent will report a reversal of last year's negative movement, inching the monthly rate up to \$23.85 per square foot by December.

INVESTMENT: Buyers looking for office properties outside of Orange County may be interested in Osceola and Lake counties. Both noted vacancy compressions in three of the last four years, leading to sub-7 percent vacancy.

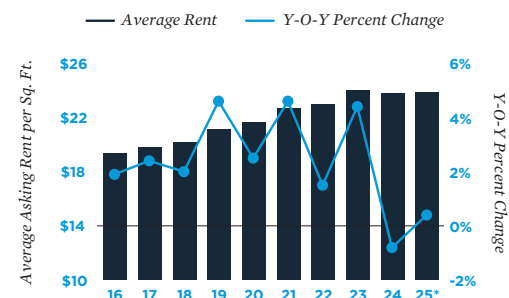
Employment Trends



Supply and Demand



Rent Trends



* Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

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Metro-level employment, vacancy and effective rents are year-end figures and are based on the most up-to-date information available as of December 2024. Effective rent is equal to asking rent less concessions. Average prices and cap rates are a function of the age, class and geographic area of the properties trading and therefore may not be representative of the market as a whole. Sales data includes transactions valued at \$1,000,000 and greater unless otherwise noted. Forecasts for employment and apartment data are made during the fourth quarter and represent estimates of future performance. No representation, warranty or guarantee, express or implied, may be made as to the accuracy or reliability of the information contained herein. This is not intended to be a forecast of future events and this is not a guarantee regarding a future event. This is not intended to provide specific investment advice and should not be considered as investment advice.